

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase And Sale Agreement And Escrow Instructions (the "**Agreement**") is made as of February 25, 2014 (the "**Effective Date**") by St. Vincent Medical Center a non-profit religious organization (the "**Seller**"), and Michael Heslov, or his assignee, designee or nominee ("**Buyer**").

A. Seller is the owner of that certain real property located at 2222 Ocean View Avenue, Los Angeles, California, 90057 consisting of approximately 36,501 sq. ft. of multi-tenant office building with surface parking on approximately on 1.22 acres of land and related intangible rights (collectively, the "**Property**"). The Property is also known as Los Angeles County Assessor parcel numbers 5154-033-021, and is legally described on "Exhibit A" hereto.).

B. Seller desires to sell the Property to Buyer, and Buyer desires to buy the Property from Buyer, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Seller and Buyer, the parties agree as follows:

1. **Purchase and Sale.** Seller agrees to sell to the Property to Buyer, and Buyer agrees to buy the Property from Seller, on the terms and conditions set forth herein.

2. **Purchase Price.** The purchase price (the "**Purchase Price**"), for the Property shall be Three Million Six Hundred- Forty Thousand Dollars (\$3,640,000.00), which shall be paid as follows:

(a) **Deposit.** Within two (2) business days following the Opening of Escrow (as hereafter defined), Buyer shall deposit the sum of Sixty Thousand U. S. Dollars (\$60,000.00) with the Escrow Holder (the "**Initial Deposit**"). Within two (2) business days after Buyer's approval of its Due Diligence Contingency, Buyer shall deposit the additional sum of Sixty Thousand U. S. Dollars (\$60,000.00) (the "**Additional Deposit**") with Escrow Holder and the Deposit shall become non-refundable, unless Seller breaches the terms of this Agreement. Escrow Holder shall hold all Deposits in an interest bearing account. If Escrow closes, the Deposit and all interest shall be applied against the Purchase Price.

(b) **Closing Payment.** The Purchase Price, as adjusted by the application of the Deposit, and by the proration and other credits specified herein, shall be deposited by Buyer into the Escrow on or before three (3) business days before the Closing Date (as hereinafter defined) (the "**Closing Payment**").

(c) **All Cash Sale; No Financing Contingency.** Buyer hereby represents and warrants to Seller that Buyer has sufficient, readily-available funds to pay the Purchase Price in cash on the Closing Date, and there are no financing or similar contingencies to Buyer's obligation to purchase the Property under this Agreement.

3. **Title.** The Closing shall be conditioned on the issuance to Buyer by Chicago Title Company/Glendale California Office/Attn. Gil Garzanian ("**Title Company**") of an ALTA Owner's Policy of Title Insurance ("**Owner's Policy**") in the amount of the Purchase Price, subject only to the Permitted Exceptions (as defined below). Within two (2) days after both Parties have signed this Agreement, Seller shall direct Title Company to obtain and deliver to Buyer a current Preliminary Report for the Property for the Buyer's review and approval. Buyer shall have five (5) days from Buyer's receipt of the Preliminary Report to approve the condition of title. If Buyer approves the title, this contingency is satisfied. Otherwise Buyer shall notify Seller in writing of any unacceptable title conditions and Seller shall have ten (10) days after receipt of Buyer's notice to cure/correct such title exceptions to Buyer's reasonable satisfaction. If Seller is unable or unwilling to timely cure/correct and valid an unacceptable title exception(s), then Buyer will have the option of (i) acquiring the property subject to such previously

acceptable title exception, or (ii) recovering the Deposit upon mutually-acceptable escrow instructions delivered by Seller and Buyer to Escrow Holder described in Section 5(a) below. As used herein, "**Permitted Exceptions**" means (i) liens for non-delinquent real property taxes shown as exceptions to the Title Report; (ii) the standard exclusions to coverage under Title Company's ALTA Owner's Standard Coverage Policy of Title Insurance; and (iii) other exceptions shown on the Preliminary Report and approved or waived by Buyer.

4. **Physical and Records Inspections.**

(a) **Due Diligence Contingency.** Buyer shall have a period of Thirty (30) days following the later of (i) mutual execution and delivery of this Agreement, to inspect, investigate and approve, in Buyer's sole and absolute discretion that the Property is suitable for Buyer's intended purpose and that Buyer desires to buy the Property ("**Buyer's Due Diligence Contingency**"). For the purpose of conducting physical inspections, Seller agrees to provide reasonable access to the Property at reasonable times, upon two (2) business days' notice to Seller, during the Contingency Period. Buyer shall conduct the inspections in a non-disruptive manner. Buyer agrees to indemnify Seller and to hold Seller, Seller's agents and employees, and the Property harmless for any losses, costs, damages, claims, or liabilities, including but not limited to, mechanics' and material men's liens and attorney fees, arising in connection with Buyer's entry upon the Property under this subsection. Buyer shall not do any drilling, invasive testing or take soil samples without Seller's advance written approval, and for any such testing approved by Seller, Buyer shall repair any damage caused by testing and shall restore the Property and the Improvements to their condition prior to testing. Seller may use the Deposit to restore the Property if Buyer fails to do so to Seller's reasonable satisfaction. Buyer's obligations under this Section shall survive the termination or expiration of this Agreement by Closing or otherwise.

(b) **Seller Information.** Seller shall deliver to Buyer any and all materials and information pertaining to the Property in Seller's possession or under Seller's control (collectively, the "**Due Diligence Materials**") within Five (5) business days of mutual execution and delivery of this Agreement. Materials will include the preliminary title report; rent rolls and operating statements; copies of all leases operating expenses, agreements, contracts; copies of real estate tax bills; documents relating to any environmental matters in Seller's possession, any notices from any government entity or authority, and any and all other materials related to this property which Seller has in their possession that Buyer which Buyer in its sole discretion deems necessary to review.

(c) **Removal of Contingencies.** If Buyer does not affirmatively remove its Due Diligence Contingency, this Agreement shall terminate. Upon termination of this Agreement, the Deposit, together with all interest, shall be refunded to Buyer by Escrow Holder, both Seller and Buyer shall be released from all further obligations under this Agreement, excluding the indemnity obligations of Buyer under Section 4, and neither Seller nor Buyer shall be subject to a claim by the other for damages of any kind, except Buyer's indemnity and hold harmless agreement provided in Section 4 of this Agreement and in other indemnity provisions of this Agreement, if any.

(d) **Existing Tenancy.** Seller shall not alter or extend any leases or contracts of any type during the period this contract is in force.

5. **Escrow Instructions.**

(a) **Opening of Escrow.** Within one (1) business day following mutual execution and delivery of this Agreement, the parties shall deposit a fully executed original of this Agreement, or fully executed counterparts thereof, with Chicago Title Company, Glendale Office ("**Escrow Holder**"). Escrow Holder shall promptly execute the Acknowledgement at the end of this Agreement and send a copy thereof to Buyer and Seller. The date of such acknowledgment by escrow Holder shall be the "**Opening of Escrow**". This Agreement shall serve as instructions to Escrow Holder to consummate the purchase and sale transaction provided for herein. Seller and Buyer agree to execute such additional and supplementary

escrow instructions as may be reasonably required to enable Escrow Holder to comply with the terms of this Agreement.

(b) **The Closing.** The "**Closing**" shall mean the recordation in Los Angeles, California of a Grant Deed (the "**Deed**") conveying title to the Property to Buyer in accordance with the terms and conditions of this Agreement. The Closing shall occur Thirty (30) days following the approval or waiver of Buyer's Due Diligence Contingency, (the "**Closing Date**").

(c) **Seller's Deliveries to Escrow.** Three (3) business days prior to the Closing Date, Seller shall deliver to Escrow Holder, originals of the following documents with respect to the Property, duly executed, and where appropriate acknowledged:

(i) The Deed.

(ii) A certificate confirming that Seller is not a foreign person as defined in Section 1445 of the Internal Revenue Code.

(iii) Such additional documents and instruments as may be reasonably required by Escrow Holder in order to consummate the transaction.

(iv) As an additional condition to the closing Seller shall provide Tenant Estoppels Certificates for all tenants who currently occupy the building(s) located on the premises in a form and content reasonably agreed to by Buyer

(d) **Buyer's Deliveries to Escrow.** Three (3) business days prior to the Closing Date, Buyer shall deliver or cause to be delivered to Escrow Holder, the Closing Payment (by wire transfer of immediately available federal funds) and originals of the following documents, duly executed, and where appropriate acknowledged:

(i) Such additional documents and instruments as may be reasonably required by Escrow Holder in order to consummate the transaction.

(e) **Closing.** Escrow Holder shall close the Escrow when Escrow Holder holds all documents, funds and instruments required under this Agreement to be deposited into Escrow and the Title Company is prepared to issue the Owner's Policy. Upon Closing, Escrow Holder shall: (1) record the Deed in Los Angeles County, California, and (2) deliver the Purchase Price to Seller as adjusted for prorations and adjustments under this Agreement, and less deductions for Seller's share of closing costs and the brokerage commissions payable by Seller on account of this transaction pursuant to Section 8.

(f) **Closing Costs.** Seller shall pay (i) one-half (1/2) of the escrow fee, (ii) the premium for the Owner's Policy, and (iii) the documentary transfer tax due on recordation of the Deed. Buyer shall pay (i) the cost of title endorsements requested by Buyer, (ii) the recording charges (but not the documentary transfer tax) for the Deed, (iii) and one-half (1/2) of the fees for the Escrow. Seller and Buyer shall each be responsible for their respective attorneys' fees. Any other closing costs shall be shared in the manner that is customary in Los Angeles County, California.

(g) **Proration's.** The following shall be prorated between Seller and Buyer as of the Closing Date:

(i) Rents, utilities, real estate taxes and assessments for the Los Angeles County Treasurer and Tax Collector fiscal year in which the Closing Date occurs (the "**Current Tax Year**"). Real estate taxes and assessments shall be prorated based upon the latest available tax information on a per diem basis based upon the number of days in the Current Tax Year before the Closing Date (which shall be allocated to Seller) and the number of days in the Current Tax Year on and after the Closing Date (which shall be allocated to Buyer). Seller shall be responsible for real estate taxes and assessments on the

Property payable in respect of periods before the Closing, and shall be entitled to any rebates and refunds for such periods. Buyer shall be responsible for real estate taxes and assessments on the Property payable in respect of all periods after the Closing and shall be entitled to any rebates and refunds for such periods.

6. **Continued Maintenance and Operation.** Following the opening of Escrow Seller shall continue to operate the Property in the ordinary course of business, consistent with its past practices.

7. **Condition of Property.** Buyer hereby acknowledges and agrees (a) the Property is being sold in its PRESENT physical "as is" condition as of the date of this Agreement, without any representations or warranties from Seller, express or implied, including any warranty of merchantability, habitability or fitness for a particular purpose except as expressly provided in this Agreement; (b) Buyer is relying solely upon Buyer and his agent's own investigations and analysis during the Contingency Period regarding the status and condition of the Property; (c) Buyer has not relied and will not rely upon any representations made by any person on behalf of Seller other than Ms. Cathy Fickes, regarding the status and condition of the Property.

8. **Representations and Warranties.**

(a) **Of Buyer.** Buyer represents and warrants to Seller that, as of the date hereof and as of the Closing Date: (i) Buyer is (a) either Michael Heslov, an individual or (b) a duly formed and validly existing California limited liability company or other entity managed or controlled by Michael Heslov, (ii) Buyer has full right, power and authority to execute and deliver this Agreement and to perform the undertakings of Buyer contained in this Agreement; (iii) this Agreement constitutes valid and binding obligations of Buyer that are legally enforceable in accordance with their terms, and (iv) none of the undertakings of Buyer contained in this Agreement violates any applicable statute, law, regulation or ordinance or any order or ruling of any court or governmental entity or conflicts with or constitutes a breach or default under any agreement by which Buyer is bound or regulated.

(b) **Of Seller.** Seller represents and warrants to Buyer that, as of the date hereof, and as of the Closing Date: (i) Seller is a California nonprofit religious corporation, (ii) Seller has full right, power and authority to execute and deliver this Agreement and to perform the undertakings of Seller contained in this Agreement; (iii) this Agreement and all the documents executed by Seller which are to be delivered to Buyer at the Closing are duly authorized, executed and delivered by Seller and constitute legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms are sufficient to convey title (if they purport to do so), (iv) the Seller's Due Diligence Materials are accurate and complete; (v) Seller has no knowledge of any legal proceedings or claims that are pending against Seller or the Property, and Seller has not received any written notice from any governmental entity that the Property or the operation of the Property, does not comply with any law, ordinance or regulation,

9. **Breach by Buyer or Seller.** IF THE CLOSING FAILS TO OCCUR DUE TO A BREACH OF THIS AGREEMENT BY BUYER, THEN AS IT'S SOLE AND EXCLUSIVE REMEDY SELLER MAY TERMINATE THIS AGREEMENT AND ESCROW BY GIVING NOTICE TO BUYER AND ESCROW HOLDER. THEREUPON, SELLER SHALL BE RELIEVED OF ANY OBLIGATION TO SELL THE PROPERTY TO BUYER, SELLER SHALL BE ENTITLED TO RETAIN THE DEPOSIT ONE HUNDRED TWENTY THOUSAND U.S. DOLLARS (\$120,000.00) AS LIQUIDATED DAMAGES, ESCROW HOLDER SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER.

IF THE CLOSING FAILS TO OCCUR DUE TO A BREACH OF THIS AGREEMENT BY SELLER, THEN BUYER MAY AT ITS OPTION TERMINATE THIS AGREEMENT AND ESCROW BY GIVING NOTICE TO BUYER AND ESCROW HOLDER AND PURSUE ITS RIGHTS AND REMEDIES AT LAW AND IN EQUITY, IN WHICH CASE ESCROW HOLDER IS IRREVOCABLY INSTRUCTED TO RETURN THE DEPOSITS TO BUYER.

Seller's Initials



Buyer's Initials

10. **Broker Commissions.** Buyer has retained the services of Deborah K. Luedy, Senior Vice President/Investments, NAI Capital/Pasadena, 225 S. Lake Avenue, Suite 1170, Pasadena, CA 91101; CA BRE# 01076984 in connection with this transaction. At the Closing, Seller shall pay to Buyer's Broker Three Percent (3%) of the gross sale value of the successful transaction for commission and fees owed to Buyer's Broker and are deemed earned due and payable upon the close of transaction. Seller represents and warrants to Buyer, and Buyer represents and warrants to Seller, that no other broker or finder has been engaged by it, respectively, in connection with any of the transactions contemplated by this Agreement, or to its knowledge is in any way connected with any of such transactions. If any such claims for additional brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Agreement, then Buyer shall indemnify, save harmless and defend Seller from and against such claims if they shall be based upon any statement, representation or agreement made by Buyer, and Seller shall indemnify, save harmless and defend Buyer if such claims shall be based upon any statement, representation or agreement made by Seller. This Section 9 shall survive the Closing and any termination of this Agreement.

11. **Notices.** All notices, demands, requests, approvals or consents required or permitted to be made under this Agreement shall be in writing and shall be sent to the party for whom the notice, demand, request, approval or consent is intended by certified or registered mail, return receipt requested, or by personal delivery, or by overnight delivery service, or by fax or email, addressed as follows, or at such other address as such party may designate by notice to the other party:

To Buyer:	Michael Heslov 1101 Montana Avenue, Suite A Santa Monica, CA 90403 (310) 451-9987 mheslov@soboroff.com
To Seller:	St. Vincent Medical Center Attention: Cathy Fickes, President 2131 West Third Street Los Angeles, CA 90057
To Escrow Holder:	Chicago Title Company Attention: Veronica Alexander, Senior Escrow Officer 535 N. Brand Blvd., 3 rd Floor Glendale, CA 91203 (818) 552-2070 e-mail: veronica.alexander@ctt.com

Any notice so given shall be deemed to have been duly given, if by mail, three days after deposit of the same in the U.S. mail, if by Federal Express or similar generally recognized overnight courier upon delivery or refusal of delivery thereof, if by personal delivery, upon delivery or refusal of delivery thereof, and if by e-mail transmission upon delivery thereof. Any party shall have the right to change the address for notice set forth in this section by notice given to the other party in accordance with the provisions of this section.

12. **Miscellaneous.**

(a) **Entire Agreement.** This Agreement supersedes any prior agreement, oral or written, and contains the entire agreement between the parties on the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party shall be of any effect unless it is in writing and executed by the party to be bound thereby. There are no contemporaneous separate written or oral agreements between the parties in any way related to the subject matter of this agreement.

(b) **Time of the Essence.** Time is of the essence as to this Agreement and each and every obligation hereunder.

(c) **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

(d) **Successors and Assigns/IRC Section 1031 Exchange.** Buyer shall have the absolute right to assign, transfer, or convey its rights and/or obligations under this Agreement and/or with respect to the Property without Seller's consent to an entity controlled by Michael Heslov. Buyer shall have the absolute right to assign, transfer, or convey its rights and/or obligations under this Agreement and/or with respect to the Property without Seller's consent in connection with an IRC Section 1031 tax deferred exchange, provided that Seller shall incur no cost or liability of any type in connection with such exchange.

(f) **Legal Costs.** The parties shall each pay any and all legal costs which they have incurred on their own behalf in the preparation of this Agreement, all instruments and other agreements pertaining to this transaction and that such legal costs shall not be part of the closing costs. If either Buyer or Seller brings suit or other proceeding with respect to the subject matter of this Agreement, the prevailing party (as determined by the court, arbitrator or other authority before which such suit or proceeding is commenced), in addition to such other relief as may be awarded, shall be entitled to recover its cost of suit, including reasonable attorneys' fees.

(g) **Counterparts.** This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original and all of which when taken together shall constitute one and the same instrument.

(h) **Severability and Enforceability.** The provisions of this Agreement are severable, and if any one or more paragraphs, subparagraphs, clauses, or provisions of this Agreement are determined to be illegal, indefinite, invalid or otherwise unenforceable, in whole or in part, the remaining provisions of this Agreement shall continue in full force and effect and shall be binding and enforceable.

(i) **Further Acts and Documents.** Each party hereto shall execute any and all further documents, instruments and other conveyances and agreements, and shall do all acts, which may be necessary or appropriate to fully implement the provisions of this Agreement.

(j) **Facsimile Transmissions.** Documents transmitted by facsimile and showing the signature of a party shall be deemed to be binding upon such party in the same manner as if a manually signed copy of such document had been delivered, except that the documents to be recorded shall be manually executed and notarized.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

SELLER:

St. Vincent Medical Center

By: _____
Cathy Fickes, President/CEO

BUYER:

Michael Heslov

The undersigned Escrow Holder hereby acknowledges receipt of the foregoing Agreement and accepts the escrow instructions contained therein.

ESCROW HOLDER:

Chicago Title Company

By: _____

Exhibit A

LEGAL DESCRIPTION